

IMPACT OF PROPOSED MILITARY BASE CLOSURES ON THE CITY OF OAKLAND

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IMPACT OF PROPOSED MILITARY BASE CLOSURES ON THE CITY OF OAKLAND

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- For sixty years, the Department of Defense's military facilities have been a mainstay of the Alameda County economy. Within the City of Oakland, unemployment is estimated to increase from its current 10.0% to 14.6% as a result of the base closures in the Bay Area.
- Total direct economic loss associated with the estimated payroll and procurement within the City of Oakland is \$194.16 million annually.
- Because of the occupational and social profile of civilian employment at the Navy facilities, the proposed closures will have a substantial negative impact on the community of middle-class people of color and women throughout Alameda County.

Base Closure Process

- The military is not required to consider the interests of the local community during the closure process. Historically there has been little input from local communities or local DoD representatives on base closures. Key decision-makers are in Washington D.C., and have no specific knowledge of the base or local issues related to base reuse.
- Historically, most base closures in California have not generated reuse employment greater than military employment levels.
- Positive factors: both NSC Oakland and Naval Hospital Oakland are in good locations, manageable in size, with favorable access. In addition, both the health care and the maritime sectors are relatively healthy industries.



Table 1-1
Summary of Base Closures in Oakland

Description & History	Naval Supply Center	Oak Knoll Hospital	Naval Public Works	Defense Depot	Total
Acres	541	183	Located at Oakland Army Base	Located at Naval Supply Center	724
Number of Structures	72	75			147
Square Feet Building Area	6,500,000	930,000			7,430,000
Number of Housing Units	3	81			84
Key Features	5 Deep Draft Berths	Licensed for 263 beds			
Year Commissioned by the Navy	1941	1942			
Employment					
Civilian Employment	948	809	1,834	270	3,861
Active Duty Military	2,374	1,472	10	4	3,860
Total Employment	3,322	2,281	1,844	274	7,721
Navy's "Return on Investment Analysis" (millions of \$)					
One-Time Cost of Closure	\$119.4	\$57.5	n/a	n/a	\$176.9
Annual Reoccurring Savings	45.4	41.5			86.9

Source: Office of the Assistant Secretary of Defense; Naval Facilities Engineering Command; Theresa Hughes & Associates, Inc.; Williams-Kuebelbeck & Associates, Inc.



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Table 1-2
Bay Area Base Closures with Major Impact on Oakland

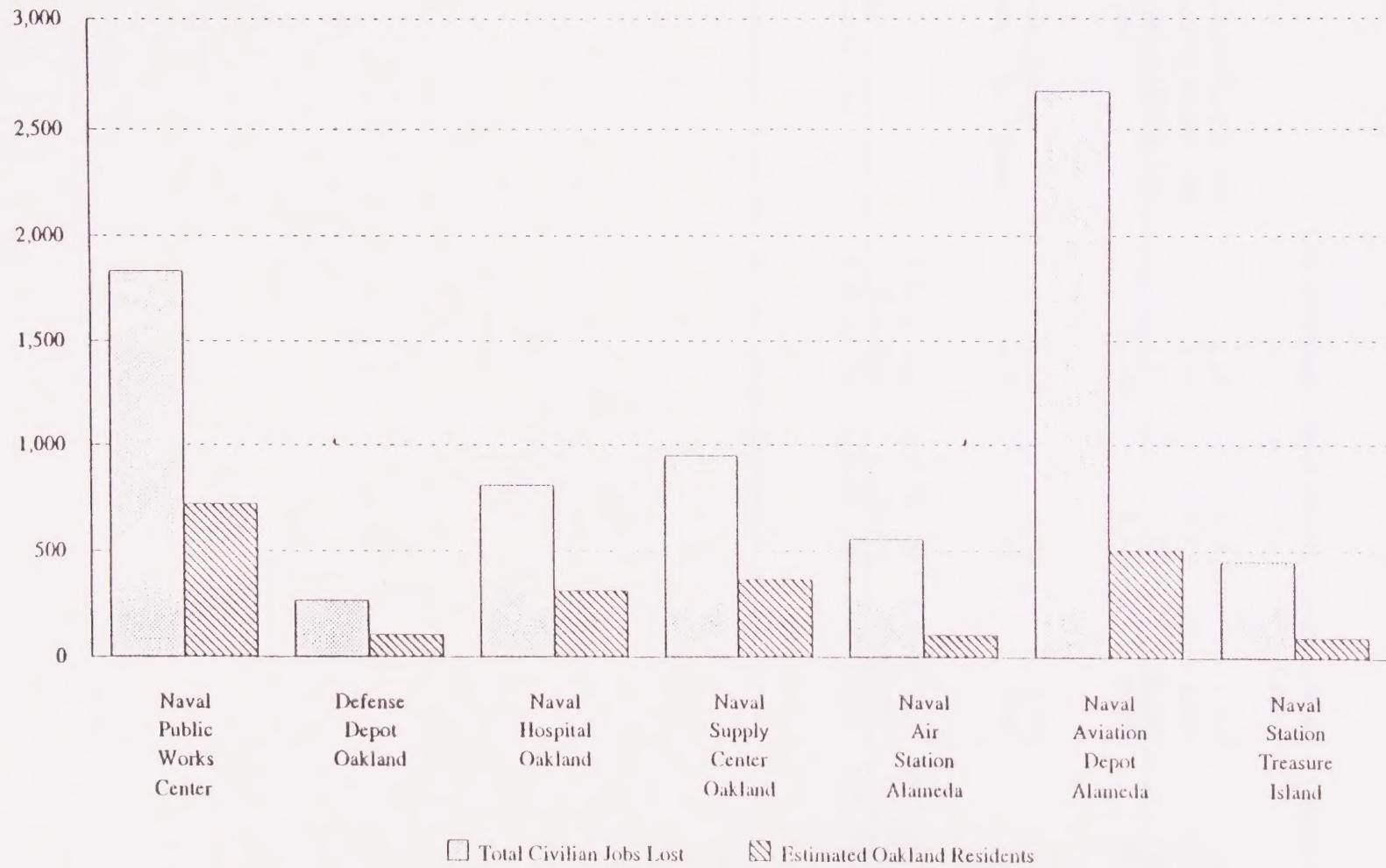


Table 1-3
Summary of Economic Impact

	City of Oakland	City of Alameda	Remainder of County	County Total
Residents Losing Civilian Jobs	2,291	1,592	1,946	5,828
Residents Losing Military Jobs	3,759	4,715	3,616	12,089
Residents Losing Indirect Jobs	6,514	1,801	20,608	28,923
Total Job Loss	12,563	8,108	26,169	46,840
Current Unemployment	10.0%	4.7%	5.2%	6.4%
Unemployment After Closure	14.6%	11.9%	9.9%	11.3%
Payroll	\$141,919,000	\$137,707,000	\$127,603,000	\$407,229,000
Procurement	52,242,000	27,125,000	40,362,000	119,729,000
Total Economic Loss	\$194,161,000	\$164,832,000	\$167,965,000	\$526,958,000

Source: Theresa Hughes & Associates, Inc.; and Williams-Kuebelbeck & Associates, Inc.

2. DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

The Base Closure and Realignment Commission was established to evaluate the Secretary of Defense's base closure recommendations. The Commission may make changes to recommendations made by the Secretary of Defense only if the Commission determines that the Secretary deviated substantially from the military force-structure plan and closure criteria. After making its recommendations to the President and Congress, the Commission disbands.

There are eight criteria, set out in PL 101-510, that the commission is required to use to evaluate whether the Defense Department properly chose its shutdown targets. The most important factors deal with the military value of the base. In particular, the Commission will evaluate:

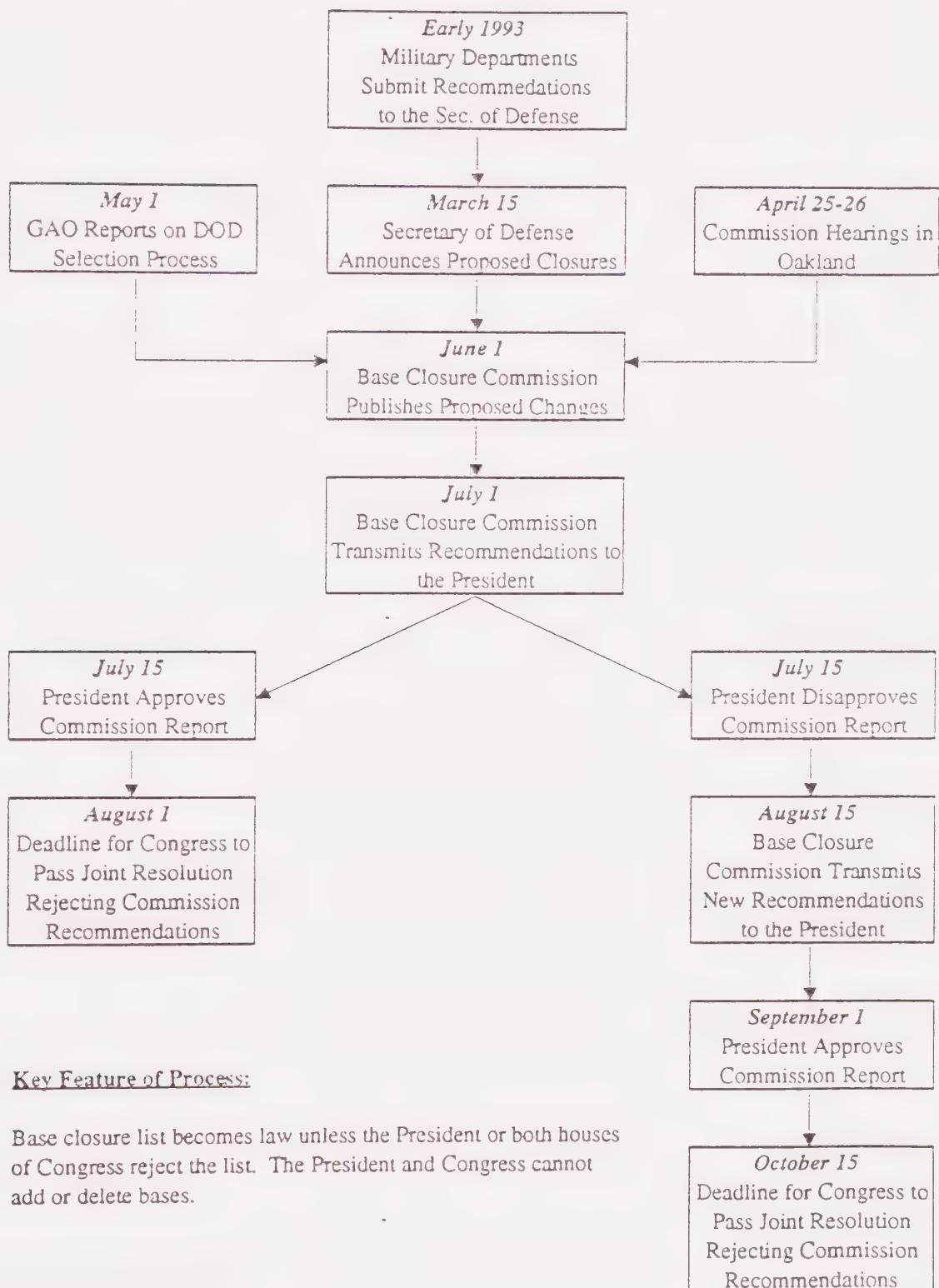
- How the base affects mission requirements (both current and future) and the readiness of U.S. forces;
- How easily the base could expand into adjacent land if needed and the current condition of that land;
- How the base could accommodate mobilization and other future force structure requirements; and
- The cost and labor force implications of closing the base.

The commission also will consider:

- How much money can be saved by closing the base;
- The economic impact on local communities, including the cumulative economic impact;
- The ability of bases receiving additional forces to accommodate them in terms of schools, roads and other facilities; and
- The environmental impacts.

The base closure process is outlined on Table 2-1. A listing of the members of the Base Closure Commission is summarized in Table 2-2.

Table 2-1
Base Closure and Realignment Commission Process



Source: Theresa Hughes & Associates, Inc.; Williams-Kuebelbeck & Associates, Inc.

Table 2-2
Members of the
Defense Base Closure and Realignment Commission

Appointed by President Bush in January 1993

James A. Counter, Chair

- Former Republican House member from New Jersey. He was Chairperson of the 1991 Commission.

Peter B. Bowman

- Vice President of Gould Shawmut Inc. From 1987 to 1990, he commanded the Portsmouth Naval Shipyard in New Hampshire.

Beverly B. Byron

- Former Democratic House member from Maryland. She was on the Armed Services Committee when it drew up the base-closing law.

Rebecca Gernhardt Cox

- Vice President of Governmental Affairs for Continental Airlines. She is married to Rep. C. Christopher Cox, R-Calif, whose district includes El Toro Marine Air Station, which is proposed for closure.

Hansford T. Johnson

- Chief of Staff for the Automobile Association.

Arthur Levitt Jr.

- Chairperson of the Board of Levitt Media Co. and former Chairperson of the American Stock Exchange. Levitt served on the 1991 Commission.

Harry C. McPherson Jr.

- Partner with Verner, Lilpfert, Bernhard, McPherson & Hand. He has served as Deputy Under Secretary of the Army for International Affairs.

Robert D. Stuart Jr.

- President of Conway Farms. Formerly Ambassador to Norway and CEO of Quaker Oats. He served on the 1991 Commission.

Source: Congressional Quarterly, January 16, 1993

Background on 1991 Commission and Congressional Action

The current round of base closures is procedurally similar to the 1991 process. In addition, three of the current members of the Commission also served on the Commission in 1991. Reviewed below are highlights of key actions associated with the base closure decision-making process in 1991. Ultimately, the Commission's recommendations became law after a joint resolution to reject the Commission's recommendations was voted down on an overwhelming vote in the House of Representatives.

DoD and Commission Action

Based on an analysis by each military department, the Secretary of Defense recommended closure of 34 major military bases. The closure criteria are similar to the criteria in use for the current round of base closures. As part of the base closure process, the GAO evaluated each military department's methods of selecting bases for closure. The GAO accepted the Army and Air Force calculations, but criticized the Navy's analysis. Nevertheless, after reviewing Navy recommendations with Navy staff, the Commission accepted the Navy's methodology.

The Commission held a series of public hearings in Washington. During these hearings, many local officials and 150 members of Congress, testified before the Commission to keep bases open. The Commission removed four major bases from the closure list and recommended cutbacks instead of closure at two other major bases. Two of the four bases removed by the Commission in 1991, however, appear on the 1993 list.

Presidential and Congressional Action

President Bush approved the Commission's list and sent their recommendations to the Congress. The House Armed Services Committee voted 46-8 to recommend that the House reject a joint resolution that would block the base closure list, effectively endorsing the Commission's findings. Similarly, the Senate Armed Services Committee voted 17-3 on a similar recommendation. The House defeated the joint resolution on a 60-364 vote, permitting the base closures to go into effect.

3. ECONOMIC IMPACT

Because of the economic interdependence of Bay Area communities, the City of Oakland will be affected by base closures both within the city limits, and within surrounding communities. Bay Area commute patterns were evaluated to quantify the economic impact of various base closures on Oakland residents.¹ The ultimate economic impact of the proposed closures depends not only on direct jobs lost, but also on indirect and induced jobs associated with the military facilities. Indirect jobs refers to persons employed at establishments that provide goods or services to the military bases. Induced employment refers to persons dependent on household expenditures of direct and indirect employees of the military bases.

Table 3-1 summarizes military bases proposed for closure in the San Francisco Bay Area. As shown, the largest facility closures are proposed for the City of Alameda and the City of Vallejo. Table 3-2 details the impact of each base closure on the employment of Oakland residents. Of the 2,291 Oakland residents potentially losing their jobs, 1,520 are employed at Oakland facilities. Although closure of Oakland facilities will have the largest impact on Oakland residents, the closure of Naval facilities in the City of Alameda also will have substantial impacts on the City of Oakland. Closures in Vallejo (Mare Island) and San Francisco (Treasure Island) will have less substantial impacts on Oakland residents.

Table 3-3 provides an overview of the number of Oakland residents that are active duty personnel. Because these persons will be transferred at the time of closure, they will not contribute to an increase in unemployment. The loss of income, however, will result in an increase in indirect and induced unemployment.

When indirect and induced impacts are considered, nearly 29,000 people in Alameda may potentially lose their jobs. More than 6,500 of the potential job losses are projected to impact City of Oakland residents. As indicated in Table 3-4, the direct, indirect, and induced job losses outlined will have substantial impacts on unemployment in Oakland. Based on current employment conditions in the City of Oakland, unemployment is expected to increase from 10.0% to 14.6% as a result of the proposed base closures.

¹See the technical appendix for detailed methodology on the commute patterns approach to identifying place of residence. The commute patterns data match recent surveys regarding base employee's city of residence conducted by the Alameda County Economic Development Advisory Board.

Table 3-1
Bay Area Bases Proposed for Closure in 1993

	Military Jobs Lost	Civilian Jobs Lost	Total Jobs Lost
City of Oakland			
Naval Public Works Center	10	1,834	1,844
Defense Depot Oakland	4	270	274
Naval Hospital Oakland	1,472	809	2,281
Naval Supply Center Oakland	2,374	948	3,322
Total City of Oakland	3,860	3,861	7,721
City of Alameda			
Naval Air Station Alameda	10,586	556	11,142
Naval Aviation Depot Alameda	376	2,672	3,048
Total Elsewhere in Alameda County	10,962	3,228	14,190
City of San Francisco			
NARDAC San Francisco	10	70	80
Naval Station Treasure Island	637	454	1,091
Total City & County of San Francisco	647	524	1,171
Elsewhere in the Bay Area			
Mare Island Naval Shipyard	1,963	7,567	9,530
Naval Facilities Engineering, San Bruno	7	24	31
Total Elsewhere in the Bay Area	1,970	7,591	9,561
Total Bay Area	17,439	15,204	32,643

Source: "News Release," March 12, 1993, Office of the Assistant Secretary of Defense

Table 3-2
Lost Civilian Jobs -- City of Residence

	Bay Area Total	City of Residence			County Total
		Total Civilian Jobs Lost	City of Oakland	City of Alameda	
Bases in the City of Oakland					
Naval Public Works Center	1,834	722	130	488	1,339
Defense Depot Oakland	270	106	19	72	197
Naval Hospital Oakland	809	318	57	215	591
Naval Supply Center Oakland	948	373	67	252	692
Total City of Oakland	3,361	1,520	273	1,027	2,819
Bases in the City of Alameda					
Naval Air Station Alameda	556	106	224	125	454
Naval Aviation Depot Alameda	2,672	509	1,076	599	2,184
Total Elsewhere in Alameda County	3,228	614	1,300	724	2,639
Bases in San Francisco					
NARDAC San Francisco	70	3	1	3	7
Naval Station Treasure Island	454	99	18	72	188
Total San Francisco	524	101	19	75	195
Bases Elsewhere in the Bay Area					
Mare Island Naval Shipyard	7,567	55	n/a	120	174
Naval Engineering, San Bruno	24	0	0	1	1
Total Elsewhere in the Bay Area	7,591	55	0	120	175
Total Bay Area Bases	15,204	2,291	1,592	1,946	5,828

Source: Office of the Assistant Secretary of Defense; Theresa Hughes & Associates, Inc.; 1980 Census;
 Williams-Kuebelbeck & Associates, Inc.

Table 3-3
Lost Military Jobs -- City of Residence

	<u>Bay Area Total</u> Total Military Jobs Lost	<u>City of Residence</u>			County Total
		City of Oakland	City of Alameda	Remainder of County	
Bases in the City of Oakland					
Naval Public Works Center	10	4	1	3	7
Defense Depot Oakland	4	2	0	1	3
Naval Hospital Oakland	1,472	579	104	391	1,075
Naval Supply Center Oakland	2,374	934	168	631	1,733
Total City of Oakland	3,860	1,519	273	1,026	2,818
Bases in the City of Alameda					
Naval Air Station Alameda	10,586	2,015	4,265	2,373	8,653
Naval Aviation Depot Alameda	376	72	151	84	307
Total Elsewhere in Alameda County	10,962	2,087	4,416	2,457	8,960
Bases in San Francisco					
NARDAC San Francisco	10	0	0	0	1
Naval Station Treasure Island	637	138	25	101	264
Total San Francisco	647	139	25	101	265
Bases Elsewhere in the Bay Area					
Mare Island Naval Shipyard	1,963	14	n/a	31	45
Naval Engineering, San Bruno	7	0	0	0	0
Total Elsewhere in the Bay Area	1,970	14	0	31	46
Total Bay Area Bases	17,439	3,759	4,715	3,616	12,089
Military Housing Units Assigned to the Navy	3,744	196	1,513		1,709

Source: Office of the Assistant Secretary of Defense; Theresa Hughes & Associates, Inc.; 1980 Census;
 PWC San Francisco; and Williams-Kuebelbeck & Associates, Inc.

Table 3-4
Impact of Base Closure on Local Unemployment

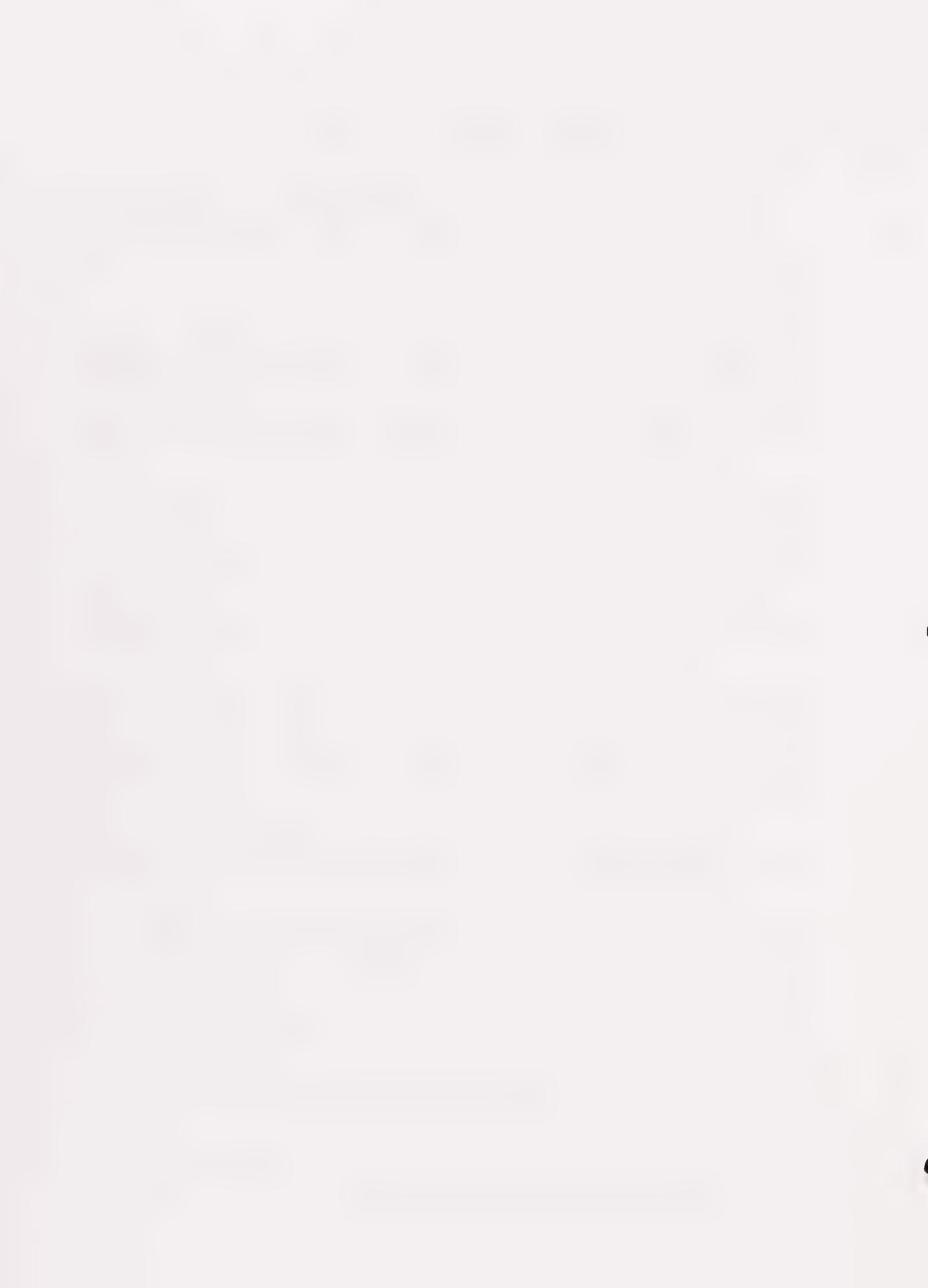
	City of Residence			County Total
	City of Oakland	City of Alameda	Remainder of County	
Current Employment Conditions (January 1993)				
Civilian Labor Force	181,881	37,516	464,903	684,300
Employment	163,603	35,767	440,830	640,200
Unemployed Persons	18,278	1,749	24,073	44,100
Current Unemployment	10.0%	4.7%	5.2%	6.4%
 Employment Conditions After Closure <i>Assuming Current Employment Conditions</i>				
January 1993 Labor Force	181,881	37,516	464,903	684,300
• Employed Military Dependents				
Transferred out of Local Area [1]	626	786	603	2,015
Civilian Labor Force After Closure	181,255	36,730	464,300	682,285
January 1993 Unemployment	18,278	1,749	24,073	44,100
• Lost Direct Jobs	2,291	1,592	1,946	5,828
• Lost Indirect & Induced Jobs [2]	6,514	1,801	20,608	28,923
• Military Dependent Job Openings [1]	(626)	(786)	(603)	(2,015)
Unemployed Persons After Closure	26,456	4,357	46,024	76,836
Unemployment After Closure	14.6%	11.9%	9.9%	11.3%

[1] Based on assumption that 50% of military personnel have an adult dependent. Of the dependents, 33% have civilian jobs in their city of residence. At the time of closure, new employees will be required to fill the dependent's job opening.

[2] See the technical appendix for background on calculation of the number of indirect & induced jobs affected by the base closures.

Note: No allowance is given for civilian employees accepting early retirement at the time of closure. Retirees are likely to continue to seek employment in their city of residence.

Source: Assoc. of Bay Area Governments; Calif. Employment Development Dept.; Theresa Hughes & Associates, Inc.; Williams-Kuebelbeck & Associates, Inc.



Information on average salaries at the various facilities are applied to the city of residence calculations. As indicated in Table 3-5, the estimated lost salary income within the City of Oakland is nearly \$142 million per year. Local industries most directly impacted by the loss of local payroll are expected to include various forms of retail outlets. In addition, the demand for housing in the area can be expected to decline slightly.

The final element in evaluating the economic impact of the proposed closures is the impact of the lost base procurement on the local economy. Although no detailed information on local procurement patterns is available, Table 3-6 estimates procurement by City by applying employment patterns data to estimated local procurement by facility. The impact of lost local procurement within the City of Oakland is calculated \$52.2 million per year.

Local industries most likely to be impacted by the loss of local procurement include:

- Medical supplies and equipment;
- Transportation and warehousing;
- Business and professional services;
- Maintenance & repair services;
- Petroleum and related products;
- Wholesale trade;
- Finance, insurance, and real estate;
- Utilities; and
- Other government services.



Table 3-5
Estimated Payroll Lost by City

	Bay Area Total Estimated Annual Payroll	Lost Payroll by City			County Total
		City of Oakland	City of Alameda	Remainder of County	
Bases in the City of Oakland					
Naval Public Works Center	\$39,646,000	\$15,609,000	\$2,795,000	\$10,535,000	\$23,934,000
Defense Depot Oakland	6,576,000	2,592,000	456,000	1,752,000	4,866,000
Naval Hospital Oakland	70,254,800	27,658,000	4,959,000	18,696,000	51,313,000
Naval Supply Center Oakland	79,728,000	31,368,000	5,640,000	21,192,000	58,200,000
Total City of Oakland	\$196,204,800	\$77,227,000	\$13,850,000	\$52,175,000	\$143,252,000
Bases in the City of Alameda					
Naval Air Station Alameda	\$239,553,000	\$45,602,000	\$96,514,000	\$53,707,000	\$195,823,000
Naval Aviation Depot Alameda	65,532,000	12,470,000	26,402,000	14,685,000	53,557,000
Total Elsewhere in Alameda County	\$305,085,000	\$58,072,000	\$122,916,000	\$68,392,000	\$249,380,000
Bases in San Francisco					
NARDAC San Francisco	\$1,712,000	\$64,000	\$21,000	\$86,000	\$171,000
Naval Station Treasure Island	23,347,400	5,072,000	920,000	3,681,000	9,673,000
Total San Francisco	\$25,059,400	\$5,136,000	\$941,000	\$3,767,000	\$9,844,000
Bases Elsewhere in the Bay Area					
Mare Island Naval Shipyard	\$204,895,000	\$1,484,000	\$0	\$3,247,000	\$4,731,000
Naval Engineering, San Bruno	694,400	0	0	22,000	22,000
Total Elsewhere in the Bay Area	\$205,589,400	\$1,484,000	\$0	\$3,269,000	\$4,753,000
Total Bay Area Bases	\$731,938,600	\$141,919,000	\$137,707,000	\$127,603,000	\$407,229,000

Source: Office of the Assistant Secretary of Defense; Alameda County Economic Development Advisory Board; 1980 Census; Theresa Hughes & Associates, Inc.; and Williams-Kuebelbeck & Associates, Inc.



Table 3-6
Estimated Local Procurement Lost by City

Bay Area Total	Estimated Location of Procurement			County Total
	Estimated Local Procurement per Year	City of Oakland	City of Alameda	
Bases in the City of Oakland				
Naval Public Works Center	\$6,269,600	\$2,468,000	\$442,000	\$1,666,000
Defense Depot Oakland	3,726,400	1,469,000	258,000	993,000
Naval Hospital Oakland	49,725,800	19,576,000	3,510,000	13,233,000
Naval Supply Center Oakland	45,179,200	17,775,000	3,196,000	12,009,000
Total City of Oakland	\$104,901,000	\$41,288,000	\$7,406,000	\$76,595,000
Bases in the City of Alameda				
Naval Air Station Alameda	\$37,882,800	\$7,211,000	\$15,263,000	\$8,493,000
Naval Aviation Depot Alameda	10,363,200	1,972,000	4,175,000	2,322,000
Total Elsewhere in Alameda Count	\$48,246,000	\$9,183,000	\$19,438,000	\$10,815,000
Bases in San Francisco				
NARDAC San Francisco	\$512,000	\$19,000	\$6,000	\$26,000
Naval Station Treasure Island	6,982,400	1,517,000	275,000	1,101,000
Total San Francisco	\$7,494,400	\$1,536,000	\$281,000	\$1,127,000
Bases Elsewhere in the Bay Area				
Mare Island Naval Shipyard	\$32,402,000	\$235,000	\$0	\$513,000
Naval Engineering, San Bruno	182,900	0	0	6,000
Total Elsewhere in the Bay Area	\$32,584,900	\$235,000	\$0	\$519,000
Total Bay Area Bases	\$193,226,300	\$52,242,000	\$27,125,000	\$40,362,000
				\$119,729,000

Source: Office of the Assistant Secretary of Defense; Alameda County Economic Development Advisory Board; 1980 Census; Theresa Hughes & Associates, Inc.; and Williams-Kuebelbeck & Associates, Inc.

Occupational Profile

The occupational and social profile of civilian employees at Bay Area Navy facilities proposed for closure was provided to the local news media by the Defense Manpower Data Center. A summary is provided in Table 3-5. The data is presented for each individual facility, regardless of the employee's place of residence.

Based on commute patterns discussed previously, an estimate of the occupational profile of Oakland residents also is presented. Their occupational profile indicates that a majority of civilian employees are non-white, most are men, and most hold clerical or other unskilled positions. Professional, administrative, and technical positions account for slightly more than one-third of total employment.

In addition, according to a survey compiled by the Alameda County Economic Advisory Board, the average age of civilian employees is 42 and the average length of employment is 17 years. The average annual salary of respondents to the survey is \$36,000, with more than 30% of civilian employees owning their own home.

Table 3-7
Occupational Profile of Civilian Employees

	Naval Hospital Oakland	Oakland Naval Supply Center	Alameda Naval Air Station	Alameda Naval Aviation Depot	Treasure Island Naval Station	Mare Island Naval Shipyard	Estimated Profile of Oakland Residents
Employment by Race/Ethnicity							
Asian/Other	16%	22%	15%	17%	21%	10%	18%
Black	41%	30%	27%	27%	21%	9%	30%
Hispanic	6%	5%	6%	9%	8%	5%	7%
White	37%	43%	52%	47%	50%	76%	45%
Employment by Sex							
Male	34%	77%	64%	77%	40%	82%	64%
Female	66%	23%	36%	23%	60%	18%	36%
Employment by Classification							
Professional	16%	4%	5%	7%	6%	13%	8%
Administrative	9%	10%	14%	15%	18%	7%	12%
Technical	25%	10%	16%	14%	19%	14%	16%
Clerical	33%	11%	18%	6%	28%	8%	15%
Other/Unskilled	17%	66%	47%	59%	29%	58%	48%

Source: San Francisco Examiner, April 11, 1993; Defense Manpower Data Center; Theresa Hughes & Associates, Inc.; and Williams-Kuebelbeck & Associates, Inc.

Policy Initiatives to Mitigate Economic Impacts

At the time of the Secretary of Defense's announcement of the base closure list in March, President Clinton outlined a policy initiative to respond to defense contracting cutbacks and base closures. Besides the President's proposal, there are several Federal and state policy initiatives that should be pursued to assist the City of Oakland in the event that bases are closed as proposed by the Secretary of Defense.

President Clinton's Defense Conversion Program

President Clinton has proposed spending nearly \$20 billion over five years to cushion the economic effects of defense contracting cutbacks and base closures. In fiscal 1993, Clinton plans to spend \$1.7 billion, using \$1.4 billion that Congress approved last year that the Bush administration declined to spend, and adding \$300 million included in his economic stimulus package or redirected from existing appropriations. Specific program expenditures are highlighted in Table 3-8. Defense conversion funding would increase to \$5.2 billion by 1997 under Clinton's plan.

Table 3-8
President's Proposal to Cushion Defense
Contracting Cutbacks and Base Closures in FY 1993

1. Assistance to defense-dependent communities to diversify their economies	\$259 million
2. Job training for displaced military personnel, federal civilian employees and defense industry workers	160 million
3. Early retirement, severance pay and transition health benefits for displaced military personnel, federal civilian employees and defense industry workers	218 million
4. Assistance to small and medium-sized businesses dependent on defense contracts	845 million
5. Investment in new technologies to create jobs for defense workers and companies.	185 million
Total	\$1,667 million

Source: Congressional Quarterly, March 13, 1993

Federal Government Policy Initiatives

- Reimburse local government fully for the costs of planning reuse of the base;
- Authorize DoD to enter into long term joint venture arrangements in order to minimize up-front costs associated with reuse;
- Provide infrastructure financing (through HUD or EDA) to ensure property is marketable;
- Provide funding to clean up toxic contamination as quickly as possible, with considerations both to risk to public health and potential for reuse; and
- Provide subsidized education and training to career civilian employees impacted by the base closure to ensure their transition into the civilian economy.

State Government Policy Initiatives

- Simplify redevelopment project area and enterprise zone adoption process for military bases;
- Allocate portion of state CDBG funds to base closures; and
- Provide infrastructure financing (possibly through a state-wide bond issue) to ensure property is marketable.

4. BASE CLOSURE PROCESS

As indicated in the executive summary, there exists the unfortunate possibility that both the Naval Hospital and the Oakland Naval Supply Center will be closed. This section outlines the process associated with the closure.

The key features of the closure process is its length, and its complexity. For example, five years after announcement of the closure of Mather AFB in Sacramento, the Air Force has finally authorized the public benefit conveyance of portions of the airfield. Planning for and attracting potential tenants during the past five years has been difficult because of the delay and uncertainty.

Conflicting objectives and financial constraints within the Department of Defense, along with the maze of federal, state, and local agencies with legitimate interests in the reuse of the bases require careful local staff work. Most municipal governments going through the base closure process have assigned one or more high level staff people full-time to the base closure process. In the near term, one of the largest generators of employment associated with reuse of military bases are the large number of environmental, government affairs, land use, and economic consultants associates with the reuse of the surplus base.

The key Federal statutes that guide conveyance of surplus property include:

- Federal Property Act of 1949 -- Standard government land sale process.
- National Environmental Policy Act -- Requires environmental review of DoD actions and guides cleanup of toxic areas.
- Defense Base Closure Realignment Act (PL 101-510) -- Allows DoD, rather than GSA, to act as disposal agent. Also allows DoD to keep the proceeds from sale of property if the property is sold within an established timeframe (currently 7 years, but subject to change).
- Special Legislation -- Required for many long term leases and various forms of public-private joint ventures. For example, PL 100-180 provides for long term lease of 190 acres of Oakland Naval Supply Center property to the Port.
- Restrictions on Military's Land Deed -- Reversion clause to Port on 392 acres (including 100 acres of water area) of Naval Supply Center property.

Land Use Conveyance Priorities

Summarized below in Table 4-1 is the priority of entities that must be given special consideration before fair market sale of surplus military property. A key factor from a municipal government finance perspective is that non-revenue generating activities have a substantial advantage in acquiring surplus property. There is no explicit mechanism within Federal procedures to ensure the orderly private sector absorption of the surplus property.

Table 4-1
Land Use Conveyance Priorities

1. Review by Other Federal Agencies
2. Application by McKinney Act Homeless Providers
 - Facilities are leased to qualified local agencies and non-profit homeless assistance providers. Property remains with the Federal government.
3. Public Benefit Conveyance
 - Requires a Federal agency to act as a sponsor. For example the U.S. Department of Education will sponsor acquisition of land for a California State University campus at Fort Ord. Similarly, the FAA will sponsor the operation of Mather Air Force Base by the Sacramento County Department of Airports.
 - Deed restriction limiting non-public uses. Generally, users must be tax-exempt, and any revenues generated on-site must stay on-site.
4. Negotiated Sale to Local Government
 - Requires sale at fair market value.
 - City can serve as broker for private sector entity.
5. Public Auction
 - Typically a sealed bid. The military can reject any bid below fair market value.
6. Interim Lease Policy
 - One year maximum lease period
 - 30 day cancellation clause
 - DoD must have full access for hazardous materials cleanup

Source: Theresa Hughes & Associates; and Williams-Kuebelbeck & Associates, Inc.

Typical Base Closure Milestones

To help in the understanding of the base closure process, typical major milestones of the first several years following announcement of a base closure are highlighted below. These milestones are most applicable to the Naval Hospital. The reversion of portions of the NSC Oakland to the Port of Oakland may result in a modified base closure process. It also should be noted that military activities may be transferred during any point of the process. Hence, job losses will likely occur several years before the site is available for reuse.

First Year

CITY ACTIONS

- Establish a community task force to prepare a reuse plan. Membership includes both citizens, city staff, and representatives of other affected local agencies.
 - Task force sub-committees may include economic development; environment; housing; education; labor force and job training; parks and recreation; health care; transportation; public works; etc.
- Initiate negotiations over retention of fixtures, furniture and equipment not related to the military mission.
- Initiate negotiations over custodial maintenance and provision of public services during closure.

DOD ACTIONS

- Initiates Federal government screening of surplus property.
- Initiates Federal environmental impact statement (EIS) preparation.
- Initiates preliminary assessment of potential hazardous materials.

Second Year

CITY ACTIONS

- Community task force submits preferred reuse plan.
- Based on reuse plan, the City initiates negotiations with DoD to explore possibility of modified land conveyance.

DOD ACTIONS

- Initiates state and local government screening of surplus property.
- Draft EIS, incorporating the community reuse plan, is circulated.
- Remedial actions to clean up hazardous materials are evaluated.

Third Year

CITY ACTIONS

- Initiates local land use planning process, including establishment of a redevelopment project area, enterprise zone area, special districts, etc.

DOD ACTIONS

- Final EIS is certified
- Based on the Final EIS, the Military announces its *Record of Decision* on the disposal of the property. The Record of Decision is a key document, which formalizes the military's intentions for land conveyance.
- Actual remediation of hazardous materials is initiated.

Recent History of the Reuse of Military Facilities in California

Table 4-2 lists major military facilities in California closed in recent years. When operated as military facilities, all 15 bases presented employed more than 1,000 military and civilian personnel. Currently, civilian activities at three of the former bases employ more than 1,000 persons. Since closure, only the Benicia Arsenal has experienced an increase in employment greater than what existed when operated by the military.



Table 4-2
Major Base Closures in California, 1964-1991

	Closure Announced In:	Military Jobs Lost		Total Jobs Lost	Reuse Employment	Current or Proposed Reuse Activity
		Civilian Jobs Lost	Total Jobs Lost			
Benicia Arsenal	1964	32	2,321	2,353	5,510	Industrial Park
Oxnard AFB	1970	1,215	293	1,508	1,020	Commercial & Local Govt. Facilities
Hunters Point Naval Shipyard (S.F.)	1973	1,951	4,550	6,501	68	Misc. Navy Facilities
Fort McArthur (Los Angeles)	1974	750	1,306	2,056	1,350	Commercial & Local Govt. Facilities
Hamilton Field AFB (Marin Co.)	1974	not available			25	Misc. Coast Guard facilities
George AFB (San Bernardino Co.)	1988	4,852	506	5,358		Airport
Mather AFB (Sacramento Co.)	1988	1,988	1,012	3,000		Airport
Norton AFB (San Bernardino Co.)	1988	4,520	2,133	6,653	1,850	Airport/Lockheed Rehab. Facility
Presidio Army Base (San Francisco)	1988	2,140	3,150	5,290		National Recreation Area
Castle AFB (Merced)	1991	5,239	1,164	6,403		Airport
Fort Ord Army Base (Monterey Co.)	1991	13,619	2,835	16,454		Proposed C.S.U. Campus
Long Beach Naval Station	1991	9,519	833	10,352		
Moffett Naval Air Station (Sunnyvale)	1991	3,359	633	3,992		Conveyed to NASA
Sacramento Army Depot	1991	334	3,164	3,498		
Tustin Marine Corps Air Station	1991	4,105	348	4,453		

Source: Calif. Office of Planning & Research; Calif. Commission on State Finance; Theresa Hughes & Associates, Inc.; Williams-Kuebelbeck & Associates, Inc.

5. BACKGROUND ON FACILITIES

Background information on the facilities proposed for closure is important, both in terms of understanding the strengths and weaknesses of the facilities as military installations, and in considering potential reuse activities. In the case of the Oakland Supply Center, most of the structures were originally constructed during World War II. As a result, these building are believed to have a limited life expectancy without major rehabilitation. In the case of Naval Hospital Oakland, the main hospital building (Building 500) is not up to seismic standards.

Although detailed site analyses have not yet been conducted, it is apparent that many existing structures have limited commercial value. In particular, military facilities are not constructed to local building standards, often have asbestos and lead paint problems, do not meet American Disability Act requirements, and do not have a functional layout for civilian uses.

Oakland Naval Supply Center

- Oakland Naval Supply Center was established in 1939. The Supply Center consists of 534 acres. The City of Oakland sold 392 acres of the site to the Navy for \$1 because of the economic benefits associated with a military base.
- The mission of Oakland NSC is to provide supply and support services to Pacific Basin fleet units and other Department of Defense activities. It is the Navy's largest West Coast stock point.
- The location of the facility was largely influenced by the proximity to existing land based transportation facilities and the suitability for pier construction.
- Most the existing buildings were constructed during World War II. The buildings are substantially unaltered, with a *Modern Style* of architecture.
- Adjacent land uses include the Alameda Naval Air Station (designated for closure), Port of Oakland Outer Harbor facility (used for container terminal operations and storage), and intermodal rail yards.
- According to the Port, 392 acres (including 100 acres of water area) of the existing base was sold to the Navy subject to a reversion to the City of Oakland should the Navy ever attempt to transfer ownership to a third party. Because the Supply Center is within the Port area, the property would be controlled by the Port.
- In 1987, Congress authorized the Navy to lease 125 to 190 acres of land on the south eastern portion of Oakland NSC. The lease is currently is still under negotiation. In the

event of closure, the property would revert to the City, and the proposed lease would not apply.

- The Port of Oakland is interested in acquiring the Oakland NSC Property for the following purposes:
 - a. Short term needs - The immediate use of Oakland NSC property is the maintenance and support of marine terminal operations including container and equipment maintenance and repair, as well as some storage and distribution activities.
 - b. Long term plans - The Port of Oakland would include the Oakland NSC property in its expansion plans, investing in additional capital equipment for purposes of enhancing container terminal operations. (The existing containerized shipping functions at Port facilities are different from the break bulk operations of the Navy.)

Toxic/Hazardous Waste Issues

- As of 1989, there were 24 underground storage tanks at NSC Oakland containing fuel, waste oil, hazardous materials, PCBs and solvents. 10 are operational with no known leakage problems.
- No soil or groundwater quality information was available at the time of the 1990 EIS prepared in response to the planned closure of Oakland NSC.
- In 1990, 17 sites were identified for Preliminary Assessment/Site Inspection due to the potential for contamination.
- Several PA/SI sites are located next to terminal facilities suggesting the potential for remediation before disposition of vital facilities.
- There may be as many as 12 Remedial Investigation/Feasibility Study sites, which involves identification of the extent and nature of contamination as well as propose a plan, including cost, for clean-up. Complications could lead to inclusion of the site on the National Superfund list.

Naval Hospital Oakland (Oak Knoll)

- The hospital is located in the southeast portion of Oakland, west of I-580, and next to Anthony Chabot Regional Park. Total site acreage is 183 acres.
- There are 19 permanent structures and 56 semi-permanent (built to last for specified uses from 5 to 24 years). Engineering analysis suggests that only 22 buildings were adequate for their current use while 45 were substandard (requiring substantial repair) and 8 not worth restoring.
- The land uses associated with the facility are as follows:
 1. Medical and health care associated with the hospital (Building 500) dominating the site with one half of all building area;

- 2. 81 family housing units, constructed between 1943 and 1974, are grouped at four locations around the Hospital site; and
- 3. Personnel support facilities consisting of stores, indoor and outdoor recreational facilities.
- Medical treatment and related services at any military medical facility is free of charge to both active duty and retired military personnel. In 1990 it was reported that 24,000 retirees and dependents were treated during a six month period.
- There are no Installation Restoration Program sites, which means that no hazardous materials/toxics are present that would warrant detailed site inspection and assessment analysis.

Defense Depot

- The Defense Depot is located on the grounds of the Oakland Naval Supply Center. As an NSC Oakland tenant, the Defense Depot will be included in any base closure action taken regarding NSC Oakland. As of yet, it is not known whether the Defense Depot is situated on land that is subject to reversion to the Port of Oakland if NSC Oakland closes.

Naval Public Works

- This facility is primarily located on the grounds of the Oakland Army Base, situated between the Bay Bridge, Port of Oakland Outer Harbor facilities, and the Naval Supply Center. Since Public Works is merely a tenant of the Army Base, it is assumed that another military tenant or military support entity will occupy the vacated space. The Oakland Army Base is not on the 1993 Base Closure and Realignment Commission list.

Figure 5-1
NSC Oakland Map



Figure 5-2
Naval Hospital Oakland Map



TECHNICAL APPENDIX

Technical Appendix Table 1
Background on Indirect Job Loss Methodology

ABAG Employment Multipliers

(see pp. 18 & 48 of ABAG Working Paper 91-7)

Employment

Type I Government Sector Multiplier (Direct & Indirect)	1.14
Small City Government Multiplier (Direct & Indirect)	1.14
Small City Multiplier (Indirect Only)	0.14

Type I Government Sector Multiplier (Direct & Indirect)	1.14
Type II Government Sector Multiplier (Direct & Indirect)	3.50
County-wide Multiplier (Direct & Indirect)	2.32
County-wide Multiplier (Indirect Only)	1.32

Type I Government Sector Multiplier (Direct & Indirect)	1.14
County-wide Multiplier (Direct & Indirect)	2.32
Large-City Multiplier (Direct & Indirect)	1.73
Large-City Multiplier (Indirect Only)	0.73

I. Local Job Impact Method

Approach: Calculate job loss using local and county multipliers.

	City of Oakland	City of Alameda	Remainder of County	County Total
Direct Jobs Lost (military & civilian)	7,721	14,190		21,911
Indirect Job Loss Multiplier (see above)	0.73	0.14		1.32
Indirect Jobs Lost Estimate	5,636	1,987	21,300	28,923

II. County-wide Job Impact Method

Approach: Calculate County-wide job loss and distribute to cities according to employment patterns.

	City of Oakland	City of Alameda	Remainder of County	County Total
Total Employment (January 1993)	163,603	35,767	440,830	640,200
City Share of County Employment	25.6%	5.6%	68.9%	100.0%
Indirect Job Loss Estimate	7,391	1,616	19,916	28,923

III. Combination

Approach: Average of Local Job Impact Method & County-Wide Job Impact Method

Indirect Job Loss (average)	6,514	1,801	20,608	28,923
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Source: "1987 Input-Output Model and Economic Multipliers For the San Francisco Bay Region."

Association of Bay Area Governments Working Paper 91-7, September 1991

Technical Appendix Table 2
Bay Area Commuting Patterns

Work in:	City of Alameda	Oakland	San Francisco	Vallejo	San Bruno	Treasure Island [1]
Live In:						
County of Alameda	81.7%	73.0%	9.9%	2.3%	4.5%	41.5%
• City of Alameda	40.3%	7.1%	0.9%	n/a	0.1%	4.0%
• City of Oakland	19.0%	39.4%	4.1%	0.7%	1.5%	21.7%
• Elsewhere in County	22.4%	26.6%	5.0%	1.6%	2.9%	15.8%
San Francisco	2.5%	4.9%	55.0%	0.7%	11.0%	30.0%
Vallejo	1.1%	0.6%	0.5%	57.5%	n/a	0.6%
San Bruno	0.2%	0.1%	1.2%	n/a	24.0%	0.6%

[1] Treasure Island is technically within the City of San Francisco. For purposes of this analysis, commute patterns based on an average of Oakland and San Francisco.

Note: Based on 1980 Census results. Tabulation of commute patterns from 1990 Census not yet available. No major changes between 1980 and 1990 are anticipated.

Source: 1980 U.S. Census, Journey to Work: Metropolitan Commuting Flows, PC80-6C

Technical Appendix Table 3
Estimated Salary & Procurement by Facility

	Employment (military & civilian)	Average Annual Payroll per Employee	Estimated Local Procurement per Employee
Bases in the City of Oakland			
Naval Public Works Center	1,844	\$21,500	\$3,400
Defense Depot Oakland	274	24,000	13,600
Naval Hospital Oakland	2,281	30,800	21,800
Naval Supply Center Oakland	3,322	24,000	13,600
Bases in the City of Alameda			
Naval Air Station Alameda	11,142	\$21,500	\$3,400
Naval Aviation Depot Alameda	3,048	21,500	3,400
Bases in San Francisco			
NARDAC San Francisco	80	\$21,400	\$6,400
Naval Station Treasure Island	1,091	\$21,400	\$6,400
Bases Elsewhere in the Bay Area			
Mare Island Naval Shipyard	9,530	\$21,500	\$3,400
Naval Engineering, San Bruno [1]	31	22,400	5,900

[1] No specific information available. Based on Bay Area average.

Source: Office of the Assistant Secretary of Defense; Alameda County Economic Development Advisory Board; Theresa Hughes & Associates, Inc.; and Williams-Kuebelbeck & Associates, Inc.



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